

Message Text

UNCLASSIFIED

PAGE 01 BUENOS 02490 051403Z

ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 OMB-01 TRSE-00 XMB-04

AID-05 /035 W

-----051421Z 067441 /44

R 042017Z APR 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 9853

UNCLAS BUENOS AIRES 2490

E.O. 11652: N/A

TAGS: EINV, AR, RISK

SUBJ: POLITICAL CONVERTIBILITY INSURANCE (OPIC)

REF: A) STATE A-1080, B) BA-1958, C) BA A-22

1. CAPITAL REPATRIATION AND DIVIDENDS: AS REPORTED IN REF B), CENTRAL BANK CIRCULAR RC 683 AUTHORIZES PROFIT REMITTANCES AND CAPATRIATION OF CAPITAL IF INVESTORS COMPLY WITH THE PROVISIONS OF FOREIGN INVESTMENT LAW (21382) AND ITS REGULATORY DECREE (283). SINCE THE DECREE 283 HAS BEEN RECENTLY ISSUED THE EMBASSY HAS BEEN UNABLE TO FIND AN INVESTOR WITH RECENT EXPERIENCE ON THE TIME REQUIRED FOR TRANSFERS OF DIVIDENDS AND CAPITAL. THE CENTRAL BANK, HOWEVER, HAS INFORMED US THAT SUCH TRANSFERS SHOULD NOT TAKE LONGER THAN 10 DAYS, ASSUMING ALL DOCUMENTATION IS IN ORDER (CAPITAL REPATRIATION MUST HAVE THE APPROVAL OF THE NATIONAL DIRECTORATE OF FOREIGN INVESTMENT). IN ADDITION LOCAL CONSULTANTS REPORT THAT, IN VIEW OF THE PROVISISONS OF ART. 59 B) AND 61 A) OF DECREE 283 (SEE REF C), IT IS UNLIKELY THAT CENTRAL BANK WILL DELAY THESE REMITTANCES MORE THAN 30 DAYS. OTHERWISE, CENTRAL BANK WILL HAVE TO ASSUME THE EXCHANGE RISK, SINCE THE INVESTOR IS ENTITLED TO REMIT USING THE EXCHANGE RATE ON THE THIRTIETH DAY FROM THE DATE OF REQUEST IF THE TRANSFER IS NOT AUTHORIZED WITHIN THOSE 30 DAYS.

2. ROYALITES AND TECHNICAL SERVICES: THESE PAYMENTS WERE ALSO UNCLASSIFIED

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FREED RECENTLY. ALTHOUGH THE NEW TRANSFER OF TECHNOLOGY LAW HAS NOT YET BEEN ISSUED, EMBASSY WAS INFOMED BY THE CENTRAL BANK THAT REOYALTIES REMITTANCES BETWEEN UNRELATED COMPANIES ARE NOW BEING APPROVED WITH A DELAY OF ONLY TWO DAYS FROM THE DATE OF REQUEST. ROYALTIES BETWEEN RELATED COMPANIES UNDER CURRENT REGULATIONS ARE CONSIDERED DIVIDENDS AND THEREFORE ARE TREATED AS EXPLAINED IN PARA. 1 IN BOTH CASES APPROVAL

OF THE NATIONAL INSTITUTE OF INDUSTRIAL TECHNOLOGY MUST BE
OBTAINED. THE NEW LAW ON TRANSFERS OF TECHNOLOGY, WHICH IS
EXPECTED TO BE ISSUED IN THE NEAR FUTURE, MAY HAVE SOME
PROVISIONS REGARDING THE MAXIMUM DELAY FOR SUCH REMITTANCES.

3. LOANS AND RELATED INTERESTS: LOANS AND INTEREST PAYMENT
ARE BEING TRANSFERRED WITHOUT DELAY ON THE MATURITY DATE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT LAW, CENTRAL BANK, INVESTMENT GUARANTEES, CONVERTIBLE FOREIGN EXCHANGE, CAPITAL FLOWS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/464301ab-c288-dd11-92da-001cc4696bcc
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